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Taiwan

Exporter Guide

Annual

2008

Approved by:

Keith Schneller,
Agricultural Trade Office Taipei

Prepared by:

Amy Chang-Chien Hsueh, Agricultural Marketing Specialist
John Halcomb, International Intern

Report Highlights:

While Taiwan continues to be a strong market for U.S. products, suppliers are also facing increased competition from other countries. WTO trade liberalization and consumer demand for novelty and variety have created a highly competitive environment for U.S. exporters. This puts a strong emphasis on innovative product development, superior marketing skills, and a trend towards high value niche product markets.

Consumers over the last few years have become increasingly interested in markets such as organic and health products. However, like in other countries around the world, soaring commodity prices have impacted buyers and end-consumers in Taiwan over the past couple of years. As long as commodity prices continue to rise, sales of new, specialty products may be limited. On the other hand, as a result of recent changes in the Taiwan government, relationships with mainland China are expected to improve which should also bring more positive economic prospects in the coming months.

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Taiwan Exporter Guide 2007

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I. Market Overview

General Economy in Brief

Taiwan has a dynamic, capitalist economy that continues to expand annually. Taiwan's foreign exchange reserves are the world's fifth largest, exceeded by the PRC, Japan, India, and Russia. The economy achieved steady growth in 2007, expanding at a pace of 5.7%. Currently, the Directorate General of Budget, Accounting, and Statistics forecast GDP growth of 4.78% for 2008. As a result of recent changes in the Taiwan government, relationships with mainland China are expected to improve which should also bring more positive economic prospects in the coming months. Taiwan is an excellent platform for U.S. companies considering the Greater China market and the new government plans to implement direct flights and other policy changes to facilitate trade across the Straits.

Taiwan's economy is undergoing a fundamental restructuring in response to the challenges posed by the emergence of China as a global manufacturer and consumer. Much of Taiwan's own manufacturing capacity has relocated to China, while in Taiwan companies have focused on high tech production and the development of technical and industrial management skills. According to Taiwan's Council for Economic Planning and Development (CEPD), industrial products have steadily increased their share of Taiwan's exports, accounting for more than 90% of total exports in 1990 and reaching 99% in 2006. Within this category, exports of capital-and technology-intensive goods have shown impressive growth, raising their share of total exports from 32.2% in 1981 to 78.4% in 2005. And as efforts to develop high-technology industries have borne fruit, electronics and products related to information technology have seen their share of total exports rise considerably, from 13.7% in 1981 to 29.7% in 2005.

Japan and the United States have long been the major suppliers of Taiwan's imports. Before 1995, these two countries consistently provided more than half of Taiwan's total imports. In 2006, however, they accounted for only 34%, down from 38.9% in 2004. On the other hand, the share of Taiwan's imports originating in ASEAN has gradually increased, from 10% in 1994 to 11.6% in 2006. Exports to the PRC have experienced strong growth in the last 10 years, but have yet to experience the explosive growth as imports into Taiwan from the PRC. When trade statistics for trade with Mainland China began in 1997, 3.4% of imports came from Mainland China. In 2002 that figure was 7.1% and in 2006 it was 12.2%. In 1997, the PRC accounted for 0.5% of exports. In 2002 that figure jumped to 7.6% and in 2006 exports to Mainland China accounted for 22.7% of Taiwan exports.

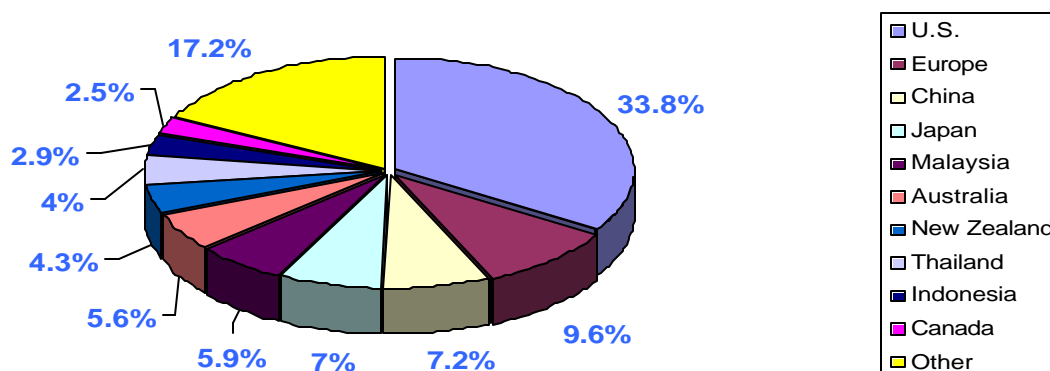
	2004	2005	2006	2007
GNP: US\$ billion	342.1	364.0	374.5	394.8
GNP: US\$ per person	15,156	16,067	16,471	17,294
Changes in Consumer Price Index (CPI) %	1.6	2.3	0.6	1.8
Unemployment Rate	4.4	4.1	3.9	3.9
Economic Growth Rate %	6.1	4.1	4.9	5.7
Average Annual Exchange Rate NT\$ to 1.00 US\$	33.4	32.2	32.5	32.4

Source: Taiwan Directorate General of Budget, Accounting, and Statistics.

Food Market in Brief

Taiwan is the sixth largest market for U.S. food and agricultural product exports. In 2007, the United States exported US\$3.2 billion of agricultural products to Taiwan, capturing nearly 34 percent of Taiwan's total agricultural imports (US\$10.2 billion). The United States (33.8%), Europe (9.6%), and China (7.2%) were top three largest suppliers of Taiwan's agricultural imports. China replaced Japan as the third largest supplier, a change from 2006.

2007 Taiwan Agricultural Imports by Country



The United States is a major supplier of bulk commodities to Taiwan. In 2007, the U.S. share of soybeans and soy products imported by Taiwan rose 14% to 90.29% of total soy imports. However, coarse grains, primarily corn, imports from the U.S. decreased by 15%. Still, greater than 95% of coarse grain imports came from the U.S. India and China both saw significant increases in coarse grain exports to Taiwan during 2007. While Taiwan does not rely heavily on imports of rice, the U.S. does supply 54% of all rice imports. The U.S. overtook Thailand as Taiwan's largest supplier of rice in 2006. U.S. rice exports to Taiwan grew by 28% from 2006 to 2007 to a total of nearly 75,000 Tons.

In 2007, countries that depend on imports of basic agricultural commodities for food and feed purposes have had to deal with significant increases in commodity prices as well as transportation costs. While Taiwan has seen some food price inflation, the well-developed economy has been able to absorb the added costs more easily than some other import-dependent parts of the world. The result, however, has been an increase in the number of sources from which Taiwan is willing to import commodities. Most likely, market share lost to India and China will not be regained by the U.S. The U.S. is still seen as a provider of high quality, safe products and is the largest supplier of many products to the Taiwan market.

Taiwan became a full member of the World Trade Organization (WTO) in 2002. The lowering of tariff and non-tariff trade barriers for food and agricultural products has provided improved market access for a wide range of U.S. agricultural products including fresh produce, dairy products, meat, seafood, and processed food products. Given Taiwan's relatively small agricultural sector, Taiwan's dependence on imports is expected to continue to grow.

Taiwan's continued modernization, and increased adoption of American and western food tastes make the country an extremely attractive market for U.S. exporters.

Taiwan's consumers are becoming more sophisticated. Two income families as well as single unit households are replacing the traditional extended family. For the food industry this is creating a demand for more "Western-style" food items, as well as an emphasis on pre-cooked and convenience foods and snacks. Also, Taiwan's population is aging. The elderly (age 65 and above) currently make up 10 percent of the island's population and are increasing rapidly. According to Taiwan Food Industry Research and Development Institute (FIRDI), products with low sugar, low salt, natural, high calcium are most popular among Taiwan's elderly people.

Demographics

Taiwan is located off the southeast coast of the Asian continent, between Japan to the north and the Philippines to the south, with a current population of 23 million people. The total area is about 36,006 square kilometers, roughly equal to the size of the Netherlands. About two-thirds of the island is covered with lushly forested mountains. With 633 persons per square kilometers, Taiwan is one of the most densely populated areas in the world. Taipei and Kaohsiung on the west coast are the two major metropolises of Taiwan with population of 6.6 million and 2.8 million respectively.

Consumer Demographics				
	2003	2004	2005	2006
Female Labor Force Participation %	47.1	47.7	48.1	48.7
Birth Rate per 1000	10.06	9.56	9.06	8.96
% of Aging population	9.2	9.5	9.7	10
Pop. Density Persons per square Km	624.6	627	629.2	632.2
Average Disposable Income per household (Adjusted for inflation) US\$	25,947	27,939	27,274	28,095
Consumption Expenditure per household US\$	19,599	21,713	21,374	21,939
Household Consumption of Food, and Beverage as % of total consumption	24.0	23.7	23.6	23.5

Source: Directorate General of Budget, Accounting and Statistics.

There exist, however, two long-term trends that will impact future food and beverage demand.

- The birth rate is falling and people are living longer. This means less demand for infant formula and baby foods and more demand for healthy foods and nutrients. These are probably long term structural developments arising from more women in the workforce, more divorces and smaller families, improved diet, and better health care.
- The great majority of people living in apartments and new high-rise apartments with elevators are getting a little bigger in floor-space. This means more room for food storage, cooking and home entertainment, although we do not expect this to have a major impact on Taiwanese consumer habits to eat out and shop frequently and in small quantities.

These trends will favor Taiwan's attraction to U.S. lifestyle, with its emphasis on space, leisure and personal enjoyment. This trend began with McDonald's, a U.S. experience in low cost fast food for youngsters, and continues with Starbucks, a U.S. experience in sipping rare coffees in elegant surroundings for the young and affluent. A U.S. format for fine dining as the economy develops, undoubtedly presents a future opportunity.

Advantage	Challenges
U.S. products are perceived by Taiwan consumers to be of high quality	Competition among major world agricultural and food exporters for a share of Taiwan's growing food import market further intensifies due to Taiwan's WTO accession
The majority of Taiwan consumers can afford imported food products	Low price competitors, e.g. China and S.E. Asia, are threatening U.S. in areas such as fresh produce, seafood, confectionery, juices, and food ingredients
Taiwan's WTO accession in early 2002 resulting in further market liberalization and import tariff reduction has provided U.S. exporters with more market opportunities	Lack of importer and retail knowledge and training in purchasing, handling, and merchandising U.S. products
Taiwanese consumers are increasingly affluent and open to Western food products	Lack of buyers' awareness regarding U.S. food products – availability, varieties, and U.S. suppliers.
The growing modern retail industry is looking for new imported food products	Lack of brand awareness by Taiwan consumers

II. Exporter Business Tips

Appointment of Import Agents

Except for major exporters with their own offices in Taiwan, the appointment of an effective import agent is a critical decision. Background research with assistance from the Agricultural Trade Office, the U.S. representatives of commodity/trade associations/cooperators, and others willing to share experience cannot be over-emphasized.

Although factors will vary from case to case, key issues to be considered include:

- The extent of the agent's network of distributors, owned or leased storage capacity and owned or leased transport arrangements. In particular, does the agent have strong contacts with the responsible purchasing officers in the target sales channels?
- Does the agent have a high proportion of direct-to-market channels or is he/she heavily dependent on multiple distribution levels.
- Is the agent developing added-value communications and promotions or is he/she dependent on price discounts as the major sales tool.
- Does the agent have complementary product lines? Although cases vary, exclusivity can provide a better incentive to the agent and can help the exporter to maintain improved supervision over price and product integrity.

Entry Strategy

Taiwan's supermarket, hypermarket, and warehouse store chains purchase from local importers, wholesalers, and manufacturers. However, the current tendency is to increase the volume of direct imports to avoid the higher cost of products purchased from importers and local manufacturers.

The best method to reach Taiwan's retail buyers as well as prospective importers is to initially contact them directly via e-mails or faxes. Product catalogues and price lists are essential. Sample products are very helpful. U.S. suppliers can obtain lists of major Taiwan retail stores as well as potential importers from the ATO Taipei. A visit to Taiwan is imperative in establishing meaningful relationships with potential Taiwan buyers. Personal relationships and face to face meetings are very important in Asian cultures. It is advisable to bring along samples to meetings with potential buyers while visiting Taiwan as many importers and retailers rely heavily upon subjective factors when deciding on new products to represent.

The typical Taiwan businessman usually has several interests rather than a single product line. The Taiwanese consumers' income continues to increase and so is their taste in foods. In order to meet the increasing demand, Taiwan importers keep seeking new products, e.g. new-to-market products and new brands of certain products. On the other hand, many Taiwan importers follow the customary Taiwanese pattern of collecting basic information (samples, catalogues, price, supply schedule, etc) initially for consideration. A trial order to test the market response might then be placed after further contact.

Sales and marketing

Although sales and marketing techniques in Taiwan are in a process of evolution and development, there remains a high reliance on price discounts in promotion strategies. To minimize reliance on discounting strategies, U.S. food and beverage suppliers, particularly those higher added value categories, may benefit from a focus on market education and sales training to develop brand recognition (demand-pull) and consumer preference.

Consumer concern for their personal health, as well as the health of immediate family members (children and parents), means that foods and beverages believed to provide specific health or nutritional benefits can and often do earn a retail premium above what the market might normally bear. Taiwanese consumers tend to be less concerned about cost when shopping for products they believe provide such benefits and may alter purchasing

habits and behavior in order to include such foods or beverages in their diet. Fresh fruit, dried berries, fruit juices, yogurt, fresh baked breads, and a wide range of nutritional supplements are just a few examples of product categories for which marketing strategies founded in nutritional and health messages have proven highly successful. Consumers also receive a great deal of news about food safety, which is causing increased concerns and skepticism. This may provide opportunities for U.S. companies to promote brand value thru safety.

U.S. companies are, however, advised to keep in mind the strict product labeling requirements enforced in Taiwan, which require that any health or nutritional claim be first assessed and approved by the Taiwan Department of Health (DOH) prior to inclusion on product packaging. For more information regarding DOH labeling requirements, please refer to the USDA "Food and Agricultural Import Regulations and Standards (FAIRS)" Report (TW6027) at website: <http://www.fas.usda.gov>

Taiwan Business Customs

Taiwanese businessmen are often refreshingly direct and informal in their business approach and do not have the business rituals associated with, for example, Japan. Nonetheless, there are some local customs that are well worth observing, for example, greetings and gifts to mark the major festivals such as the Mid-Autumn Moon Festival and the Chinese New Year. In fact, these holidays are like Thanksgiving and Christmas in the United States and are key sales periods. Taiwanese enjoy "mooncakes" for the Moon Festival which are sticky rice cakes similar to "fruitcakes" which are exchanged in the West. However, the traditional mooncakes are losing ground to exciting new versions of mooncakes which include Western ingredients such as dried fruits and nuts and even ice cream based mooncakes are becoming increasingly popular. US companies should consider the timing of introducing new products to coincide with these busy holiday gift giving seasons.

The most popular Taiwanese recreation is eating. Even at your first meeting, your Taiwanese counterpart may invite you to lunch or dinner. Entertaining is not only a basic tool to influence business relationships, the Taiwanese consider it essential to building friendships that will enhance mutual understanding.

Although agents and purchasing managers are always searching for new products, they are also very thorough in their evaluation. They like to see product samples whenever possible and will often place small initial shipments to test the market response.

Language Barrier?

No. You do not have to learn to speak Mandarin or Taiwanese to do business in Taiwan. You will probably be surprised at how well your business counterparts here speak English. In any case, interpreters are easy to find. At the same time, written materials from name cards to product brochures will be far more helpful to your sales efforts if translated into Chinese. There are many ways to learn basic Mandarin and to translate materials on-line. Check out Google's online language tools at:

http://www.google.com/language_tools?hl=en

Lots of Americans learn basic Mandarin using a website called www.chinesepod.com which offers free mp3 lesson files. Their beginners' lessons also focus on various cultural issues such as greetings and bar culture. For example, Chinese peoples' family names are commonly listed first, or before their given names. The family name usually consists of only

one character or syllable. Their given name is usually only one or two syllables as well. On bar culture, when doing business for the first time in Taiwan or greater China, Americans will quickly hear “gan bei” which means bottoms up. You will quickly learn to avoid grain alcohol-based beverages and can always counter with “sui yi” which means – “drink as you like – no pressure”.

Many Taiwanese strive to send their children to America’s finest universities for higher education. Therefore, a large percentage of Taiwanese speak fluent English, have lived or studied in the United States, and are intimately familiar with American customs, food, and culture. Costco currently has 5 very successful stores operating in Taiwan. These stores are always full of customers who demand they have access to the same products they were accustomed to finding at Costco stores in the United States.

Due Diligence

Although Taiwan purchasers have a high reputation for contract performance, consolidation and financial pressures within the industry make it important to maintain normal due diligence on contracts and payment procedures. As always, foreign exchange fluctuations need to be guarded against.

Food Standards and Regulations

For information regarding food standards and regulations, please refer to the annual “Food and Agricultural Import Regulations and Standards report” found on our website at www.usfoodtaiwan.org.

III. Market Sector Structure and Trends

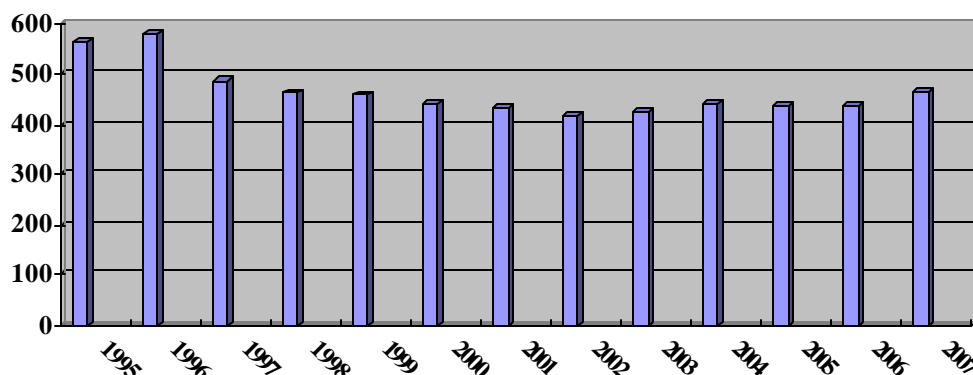
Manufacturing

The total production value of the domestic food industry in 2007 amounted to approximately US\$14.2 billion, with growth of 7.8 percent from 2006. The food industry ranks the fourth largest among manufacturing industries island-wide, behind electronic/electrical machinery, chemicals, and metal industries. Projected annual agricultural growth for 2008 is 3.8%, while the overall economic growth rate is projected to be 4.9 percent. Oriented primarily towards domestic sales, the food industry consists of nearly 6,000 manufacturing enterprises employing more than 109,000 persons. Food production has declined since 1997 due to the outbreak of foot and mouth disease in 1997 and SARS in early 2003 which had a ripple effect throughout the food and agricultural sector and the overall slowdown in Taiwan.

Overall food exports reached US\$1.8 billion in 2007, a 2.1 percent increase from the previous year. Frozen foods continued to be the leading export item, accounting for 64% of Taiwan’s total food exports in 2007. It was followed by non-alcoholic beverages (6%), and condiments (5%). Frozen seafood comprised the largest sub sector of frozen food exports.

In 2006 and 2007 Taiwan, like others worldwide, has witnessed decreased production as a result of higher commodity prices. On August 1, 2007, the Executive Yuan announced that it would reduce tariffs on imported food products by 50%, as well as official fees on wheat, barley, corn, and soybeans.

Taiwan Food Processing *NT\$Billion*



Based on U.S. customs data, Taiwan imported approximately US\$2 billion worth of US bulk agricultural commodities, \$429 million worth of US intermediate food and agricultural products, \$22 million worth of US edible fish & seafood products, and \$671 million worth of US consumer-oriented products in 2007. Major ingredient categories that offer opportunities for U.S. exporters include snack food and bakery ingredients; gluten, starch, and dextrans, ingredients for functional and health foods; ingredients for frozen prepared foods; ingredients for high fiber food and low calorie food; soy products; and flavorings.

In February 2005, Taiwanese primary and secondary schools united in a ban against the sale of soft drinks containing sugar on their campuses. Instead only 100% juice drinks and bottled water may now be sold. Functional foods are beginning to increase in importance as 140 manufacturers employing 2,900 persons work to fill the demand. Sales of traditional and non-traditional food styles are approximately equal halves of the estimated \$1.8 billion market. Development of functional foods has been concentrated on weight control, skin care and beauty, gastroenterological digestion improvement and regulation of blood lipids. The main sales channels are direct sales, chain drugstores, health food stores and weight control centers.

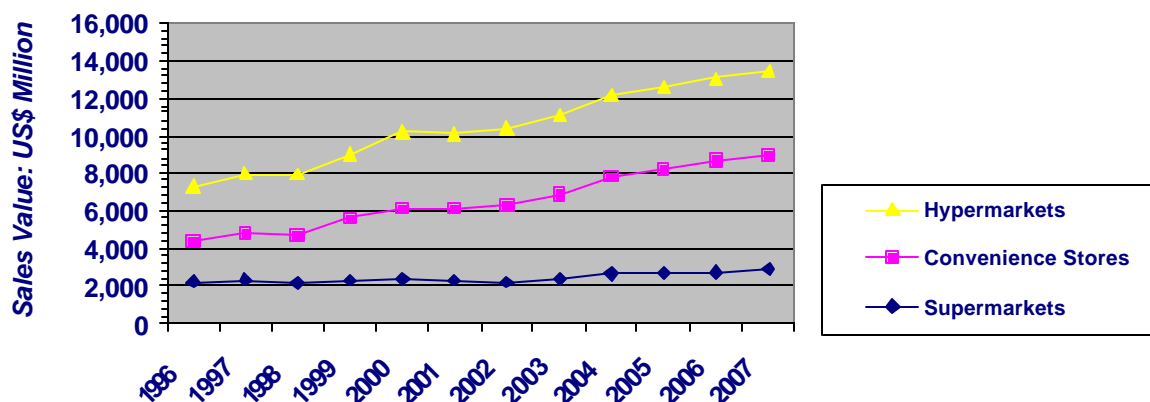
Taiwan's accession to the WTO in 2002 has benefited the domestic food processing industry through market liberalization. However, at the same time imported finished food products have been taking increased market share from domestically produced products since the WTO accession and this trend is expected to continue. Taiwan's food processing industry is facing a vigorous competition in the more open environment. Taiwan's foreign investments in food processing have grown tremendously in recent years. To take advantage of lower costs and to expand their global markets, many of Taiwan's food processors establish production facilities outside Taiwan. According to the Ministry of Economic Affairs, as of April 2008, Taiwan's food and beverage processing companies have invested approximately US\$1.8 billion in the PRC and nearly US\$497 million in other countries (mainly Southeast Asia). The recent tendency is to relocate processing facilities to Southeast Asia.

Retail Food Sector

Taiwan's food retail industry has entered a phase of maturity. Mergers and strategic alliances will continue to take place over the next few years. The larger chains continue to grow at a constant rate while small chains have begun to stagnate. Carrefour SA, the world's second largest retailer, took over Tesco Taiwan's six stores and two development sites as part of an

asset-swap deal with Tesco plc in 2006. Carrefour's market presence in Taiwan was boosted by the deal and general growth from 33 percent with 36 outlets nation-wide in 2006 to a promising 40 percent with 48 outlets in 2007. In the last 10 years Carrefour has expanded its locations in Taiwan by over 180%.

Growth of Taiwan's Retail Food Chain Sector



The Globalization is a distinguishing characteristic of Taiwan's food retail market. Foreign operators, including Wellcome (210), Carrefour (48), Auchan of France (23), France's Geant (14), and Costco (5) of the United States continue to dominate Taiwan's food retail market. Currently, the four major convenience store chains, including 7-Eleven (4,791), Family Mart (2,269), Hi-Life (1,223), and Circle K (830) altogether account for an estimate of over 90% of the total convenience store market. ** Figures inside parentheses represent # of stores of the chains, as of May 2008.

Taiwan's supermarket, hypermarket, and convenience store chains purchase from local importers, wholesalers, and manufacturers. However, the current tendency is to increase the volume of direct imports to avoid the higher cost of products purchased from importers and local manufacturers.

Organic Market

The organic segment of the Taiwan food market is growing rapidly as consumers become more aware of available products and difference in production methods. According to a 2006 report by the Organic Trade Association, 70% of sales of organic products in Taiwan come from imports. This is due primarily to limited domestic production of organic products. It is also important to note that currently Taiwan does not require any re-certification for products to be labeled as organic.

In 2003, the organic market in Taiwan was valued at US \$28 million, and is forecast to reach US \$78 million in 2008. There has been a steady growth in demand as consumers have become more aware of organic products and educated by those in the industry on the benefits of these products.

Market Drivers

- Consumer awareness
- Increased availability
- Expanding retail networks

- Increased investment
- Health scares which have raised awareness of food safety issues

Market Restraints

- Low consumer awareness of production methods
- High retail prices (40-200% increase) compared to conventional products
- Lax regulations on organic products
- Low consumer trust in domestic organic products
- Large number of organic logos which confuse consumers

There are several well established importers, wholesalers, and retailers of organic products in Taiwan, some of which have vertically integrated into all three areas.

Certification Requirements

New government regulations have gotten some traders worried recently that required organic certification documentation on a batch basis will slow down logistics and severely increase paperwork and costs. It may even discourage traders from importing foreign organic products. The proposed, new sanitary/phytosanitary inspection documentation seems to require zero-residue tolerance on organic crops besides existing phytosanitary requirements. Imported organic product(s) under review through normal sanitary/phytosanitary inspection procedures that do not meet Taiwan standards for organic agricultural and agricultural processed products will not be allowed into Taiwan. Taiwan's harsh phytosanitary requirements and zero-residue tolerance may result in a ban on many imported organic products. ATO Taipei will work with the trade and local organic industry to make sure that Taiwan's growing organic industry is not smothered by these proposed new regulations. For a more comprehensive review of the proposed new regulations, please refer to [TW7052](#) on our website at www.usfoodtaiwan.org.

HRI Food Service Sector

Total sales for Taiwan's food service sector was estimated at US\$9.8 billion in 2007. Growth over the coming three years is expected to average 5 percent. Taiwanese dine outside the home with much greater frequency than most westerners. The high propensity to dine out is driven by a combination of factors:

- Small size of apartments
- High female participation in the labor force
- A high level of disposable income
- Restaurant availability

Household Dinning-Out Expenditure as % of Total Food & Beverage Expenditure

Year	1999	2000	2001	2002	2003	2004	2005	2006
	28.1%	29.0%	29.6%	29.8%	31.0%	32.0%	32.8%	32.9%

Source: Taiwan Directorate General of budget, Accounting and Statistics

Competition among the various hotel restaurants in Taiwan has become intense. Consequently, innovative promotions such as country theme promotions, Taiwan/Western holiday/festival promotions, and seasonal promotions are popular year-round. These promotions offer market opportunities for U.S. foods such as high quality meats, fruit, vegetables, nuts, seafood, beverages, wines, and juice concentrates.

IV. Best high-Value Product Prospects

	2005 Imports (US\$Mil)	2006 Imports (US\$Mil)	5-Yr. Avg. Annual Import Growth	Import Tariff Rate	Key Constraints Over Market Development	Market Attractiveness for USA
Red Wine	\$66	\$70	30%	10% plus a NT\$7 per one percent alcohol for grape wines.	French wine still dominates the red wine market. Knowledge about wines is generally low throughout wine distribution channels.	Currently, the United States is Taiwan's third largest wine supplier. Despite the front-runner position of French wines, US wines continue to gain consumer recognition and acceptance. The growth was fueled by the perception that wine is good for health
Cheese	\$53	\$57	19%	5%	Although the import volume is large, it is dominated by New Zealand (37%) and Australia (26%).	The US share is growing faster than the larger competitors, meaning that those US cheese currently coming into the market are finding faster acceptance than those of competitors
Whey	\$12.3	\$11.6	3%	5%	Intense competition from major exporting nations such as New Zealand and Australia.	The U.S. is the major supplier of whey, approximately 50% market share, due to competitive pricing and successful promotion efforts into hotel/restaurant/institutional and processed food channels by U.S. exporters and the U.S. Dairy Export Council.
Stone Fruit	\$112	\$120	11%	20% plum/peach /nectarine	Taiwan's WTO accession (2002) opened the island's fruit market. Consequently, competition, in terms of new suppliers and new varieties from both abroad and domestic producers, is intensifying now.	Effective marketing programs targeting reliable quality, competitive pricing, and brands of US stone fruits has been undergone by the California Tree Fruit Agreement that could help retain and improve the market for US stone fruit in Taiwan.
Berries	\$2.3	\$3.2	61%	Blueberries 7.5% Strawberries 20%	Consumer/trade lack of product knowledge. Educational programs by US exporters are necessary.	Consumers in Taiwan are becoming more health conscious. Berries continue to enjoy a steadily increasing share of both consumer/retail and food service channels. There are strong growth prospects for berry, strawberries and blueberries in particular, category.
Chicken	\$92	\$83	45%	20%	The TRQ controls on	Imports are rising

Meat & Offal					chicken meat was eliminated in January 2005 and replaced by ordinary tariffs. However, an SSG assessment would add an estimated 633% to normal tariffs, resulting in an effective tariff of about 26.33% for chicken meat.	significantly in the wake of Taiwan's elimination of all tariff rate quota restrictions in January 2005. The United States is currently in a strong supply position with market share greater than 82%, being one of only six countries certified for poultry exports to Taiwan and the only one of these with sufficient volumes and competitive pricing points.
Tree Nuts	\$57	\$51	15%	Sweet almonds: in shell 5%; shelled 2.5% Bitter almonds: 10% Hazel nuts: shelled 7% In-shell 7.5% Walnuts 5% Pistachios 3% Pecan 7.5%	Currently, the US dominates the following nut market: almonds, and walnuts. Cashes from China and SE Asia has shifted some market share away from U.S. suppliers. The greatest competition to US pistachio exporters is from Middle East and Australia.	Nuts (mainly almonds, and walnuts) are very popular as ingredients used in baking. The US currently dominates these categories. Constant communication with the baking industry technical seminars and trade shows is essential to grow in this category.
Red Meat & Offal	\$431	\$441	15%	Beef-10% per kg Beef offal – 15% Pork-12.5% Variety meat-15%	Beef-The primary competitor is Australia and New Zealand, whose advantage is customer-perceived comparable/acceptable quality at a low price. US share has rebounded back to pre-BSE levels of about 30%. Pork-is a market where the domestic producers have many competitive advantages.	U.S. beef is perceived to be high quality. There are growth opportunities for U.S. pork that meets local food processors' needs.
Seafood	\$307	\$314	3%	9%-38%	With a bias towards fresh fish and SE Asia-variety crustaceans, the seafood segment currently has development problems.	The food service/HRI venues with a strong Western orientation and up-market positioning offer the current best opportunities for U.S. exporters

Source: Taiwan Council of Agriculture

V. Key Contacts and Further Information

American Institute in Taiwan

Organization Name Agricultural Trade Office
Address Room 704, 7F, 136 Renai Road, Section 3, Taipei, Taiwan
Telephone (886-2) 2705-6536; Fax: (886-2) 2706-4885
E-mail ato@ait.org.tw
Internet Homepage <http://www.usfoodtaiwan.org>

Organization Name United States Department of Agriculture
Department Foreign Agricultural Services
Address U.S. Department of Agriculture, Washington, D.C. 20250
E-mail info@fas.usda.gov
Internet Homepage www.fas.usda.gov

Taiwan Central Authority Agencies

Organization Name Bureau of Standards, Metrology & Inspection (BSMI)
Address No. 4 Chinan Road, Section 1, Taipei, Taiwan
Telephone (886-2) 2321-2790; Fax: (886-2) 2356-0998
Internet Homepage <http://www.bsmi.gov.tw>

Organization Name Council of Agriculture, Executive Yuan
Address No. 37, Nanhai Road, Taipei, Taiwan
Telephone (886-2) 2381-2991; Fax: (886-2) 2331-0341
E-mail coa@mail.coa.gov.tw
Internet Homepage <http://www.coa.gov.tw>

Organization Name Bureau of Animal & Plant Health Inspection & Quarantine
(BAPHIQ)
Address 9 Fl., No. 51, Chungching S. Rd, Sec. 2., Taipei, Taiwan
Telephone (886-2) 2343-1401; Fax: (886-2) 2343-1400
E-mail baphiq@mail.baphiq.org.tw
Internet Homepage <http://www.baphiq.gov.tw>

Organization Name Department of Health (DOH)
Department Bureau of Food Sanitation
Address No. 100 Aikuo E. Road., Taipei, Taiwan
Telephone (886-2) 2393-8209; Fax: (886-2) 2392-9723
Contact Person Dr. Lu-hung Chen, Director
E-mail fslhcn@doh.gov.tw
Internet Homepage <http://www.doh.gov.tw>

Organization Name Directorate General of Customs, Ministry of Finance (MOF)
Address No. 13, Ta Cheng Street, Taipei, Taiwan
Telephone (886-2) 2550-5500; Fax: (886-2) 2550-8111
E-mail customs@mail.dgoc.gov.tw
Internet Homepage <http://www.dgoc.gov.tw>

Organization Name Food Industry Research and Development Institute (FIRDI)
Address 331 Shih-Pin Road, Hsinchu, Taiwan
Telephone (886-3) 5223191; Fax: (886-3) 5214016
Internet Homepage <http://www.firdi.org.tw>

Organization Name Bureau of Foreign Trade (BOFT), Ministry of Economic Affairs
Address No. 1, Hukou Street, Taipei, Taiwan
Telephone (886-2) 2351-0271; Fax: (886-2) 2351-3603
E-mail boft@trade.gov.tw
Internet Homepage <http://www.trade.gov.tw>

Major Taiwan Trade Associations

Organization Name Taiwan Chain Stores and Franchise Association (TCSFA)
Address 7F, 197 Nanking E. Road, Section 4, Taipei, Taiwan
Telephone (886-2) 2712-1250; Fax: (886-2) 2717-7997
Internet Homepage <http://www.tcfa.org.tw>

Organization Name Taiwan External Trade Development Council (TAITRA)
Address 333 Keelung Road, Sec. 1, Taipei Taiwan
Telephone (886-4) 2725-5200; Fax: (886-2) 2757-6443
Internet Homepage www.taiwantrade.com.tw

Organization Name Importers and Exporters Association of Taipei (IEAT)
Address No. 350, Sungkiang Road, Taipei, Taiwan
Telephone (886-2) 2581-3521; Fax: (886-2) 2542-3704
E-mail ieatpe@ieatpe.org.tw
Internet Homepage <http://www.ieatpe.org.tw>

Organization Name Kaohsiung Importers & Exporters Association (IEAK)
Address 4F, 472 Chung Shan 2nd Road, Kaohsiung, Taiwan
Telephone (886-7) 241-1191; Fax: (886-7) 201-6193
E-mail kieanet@ms15.hinet.net

Organization Name Tainan Importer & Exporter Chamber of Commerce (IEATainan)
Address 5F, 50 Cheng Kong Road, Tainan, Taiwan
Telephone (886-6) 226-7121; Fax: (886-6) 226-7124
E-mail a2267121@ms17.hinet.net

APPENDIX - STATISTICS

Table A. Key Trade & Demographic Information		
Agricultural Imports From All Countries (\$Bil)/U.S. Market Share (%) 1/	\$9.2	30%
Consumer Food Imports From All Countries (\$Mil)/U.S. Market Share (%) 2/	\$2,719	27%
Edible Fishery Imports From All Countries (\$Mil)/U.S. Market Share (%) 3/	\$346	8%
Total Population (Millions) Annual Growth Rate (%) 4/	22.8	0.36%
Urban Population – localities of 150,000 or more (Millions)/Annual Growth Rate (%) 5/	12.6	0.38%
Number of Major Metropolitan Areas 6/	7	
Size of Middle Classes (Millions)/Growth Rate (%) 7/	13.8	0.6%
Per Capita Gross National Product (U.S. Dollars) 8/	\$17,294	
Unemployment Rate (%) 9/	3.9%	
Per Capita Food Expenditures (U.S. Dollars) 10/	\$2,024	
Percent of Female Population Employed 11/	48%	
Exchange Rate (US\$1=NT\$) 12/	\$32.40	
1/ UN Trade Data 2007		
2/ UN Trade Data 2006		
3/ UN Trade Data 2006		
4/ Directorate General of Budget, Accounting and Statistics (2006)		
5/ Directorate General of Budget, Accounting and Statistics (2006)		
6/ Ministry of Interior Affairs Statistics (2004)		
7/ ATO Taipei Estimate		
8/ Directorate General of Budget, Accounting & Statistics (DGBAS) 2007		
9/ DGBAS 2007		
10/ DGBAS 2007		
11/ DGBAS 2006		
12/ 2006		

APENDIX - STATISTICS

Table B. Consumer Food & Edible Fishery Product Imports									
Taiwan Imports (US\$Million)	Imports from the World			Imports from the U.S.			U.S. Market Share		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
CONSUMER-ORIENTED AGRICULTURAL TOTAL	2,334	2,710	2,719	577	702	743	25%	26%	27%
Snack Foods (Excl. Nuts)	110	128	123	12	13	11	11%	10%	9%
Breakfast Cereals & Pancake Mix	8	9	10	2	3	4	25%	33%	40%
Red Meats, Fresh/Chilled/Frozen	375	431	441	47	74	128	13%	17%	29%
Red Meats, Prepared/Preserved	3	5	4	2	3	3	67%	60%	75%
Poultry Meat	58	92	84	56	89	82	97%	97%	98%
Dairy Products (Excl. Cheese)	177	207	198	8	8	8	5%	4%	4%
Cheese	49	53	57	5	5	7	10%	9%	12%
Eggs & Products	7	8	8	1	1	1	14%	13%	13%
Fresh Fruit	281	340	333	141	156	144	50%	46%	43%
Fresh Vegetables	49	82	75	21	30	27	43%	37%	36%
Processed Fruit & Vegetables	183	200	196	68	73	72	37%	37%	37%
Fruit & Vegetable juices	27	30	33	4	4	5	15%	13%	15%
Tree Nuts	43	57	51	17	24	19	40%	42%	37%
Wine & Beer	130	149	161	19	20	20	15%	13%	12%
Nursery Products & Cut flowers	19	20	20	0.3	0.1	0.3	2%	1%	2%
Pet Food (Dog & Cat Food)	49	57	63	15	23	26	31%	40%	41%
Other Consumer-Oriented Products	766	844	863	160	177	186	21%	21%	22%
FISH & SEAFOOD PRODUCTS	312	342	346	28	31	27	9%	9%	8%
Salmon	28	40	42	0.4	0.7	0.4	1%	2%	1%
Surimi	23	26	28	5	4	4	22%	15%	14%
Crustaceans	115	129	142	13	14	14	11%	11%	10%
Groundfish & Flatfish	32	26	22	0.4	0.9	2	1%	3%	9%
Molluses	49	51	43	3	5	3	6%	10%	7%
Other Fishery Products	65	70	70	6	7	4	9%	10%	6%
AG PRODUCTS TOTAL	6,219	6,531	6,624	2,431	2,614	2,714	39%	40%	41%
AG FISH & FORESTRY TOTAL	7,768	8,099	8,196	2,537	2,715	2,811	33%	34%	34%

Source: FAS' Global Agricultural Trade System using data from the United Nations Statistical Office

* Last statistics update: July 31, 2007

APPENDIX - STATISTICS

Table C. Top 15 Suppliers of Consumer Foods			
Taiwan Imports - Consumer-Oriented AG Total (US\$1,000)			
	2004	2005	2006
United States	577,006	702,302	743,111
Australia	301,124	323,335	282,390
New Zealand	323,419	359,709	331,673
Japan	155,943	184,551	197,874
China	124,131	162,210	178,190
Thailand	106,623	113,445	112,501
Netherlands	105,243	123,871	127,146
France	96,624	102,566	101,057
Canada	65,671	68,675	65,569
South Korea	49,820	59,284	58,709
Denmark	31,694	28,675	31,210
Chile	39,792	55,749	73,362
Vietnam	32,723	42,054	41,780
Indonesia	30,103	43,577	30,712
Malaysia	36,952	50,925	51,811
Total	2,334,827	2,710,793	2,719,420

Source: United Nations Statistics Division

Last statistics update: July 31, 2007

APPENDIX - STATISTICS

Table C. Top 15 Suppliers of Consumer Foods			
Taiwan Imports - Fish & Seafood Products (US\$1,000)			
	2004	2005	2006
Thailand	34,934	35,146	37,398
Australia	30,510	34,392	31,805
United States	28,338	31,225	27,418
Norway	19,407	19,431	20,493
Japan	18,900	22,915	19,595
Indonesia	25,054	28,314	32,414
Canada	20,017	24,800	30,542
Chile	18,581	24,514	17,622
India	10,294	10,445	12,454
Greenland	5,108	4,832	3,879
Philippines	10,147	13,831	19,141
China	12,793	15,182	15,200
Mexico	6,867	8,591	13,381
New Zealand	12,807	7,574	3,543
United Kingdom	1,094	1,194	228
Total	312,563	342,129	345,707

Source: United Nations Statistics Division

Last statistics update: July 31, 2007